

## Impact of Budget Cuts to County-Administered Programs

(Dollars in Millions)

Program	Impact of May Revision Cuts Alone		Total Funds Impact of Program Reductions Including May Revise	Comments
	Total Funds	General Fund		
Medi-Cal	\$175.9	\$87.9	\$400.9	Counties will not receive CODB increases in CY or BY. Cumulatively, this effectively underfunds the program by ~\$225 million <i>before</i> May Revise is applied.
Food Stamps	\$101.1	\$37.9	\$143.1	The January budget proposed to suspend CODB increases for both CY and BY. May Revise includes a further 20 percent reduction.
In-Home Support Services	\$43.1	\$15.7	\$63.1	The January budget proposed to suspend CODB increases for both CY and BY. May Revise includes a further 20 percent reduction.
Foster Care	\$21.9	\$7.4	\$27.5	The January budget proposed to suspend CODB increases for both CY and BY. May Revise includes a further 20 percent reduction.
Adoptions	\$15.9	\$9.1	\$28.4	In January, the Governor proposed a fund shift resulting in a significant loss to the program. Coupled with May Revise, this program will be reduced 30 percent.
CalWORKs	\$88.3	n/a	\$248.0	The January budget proposed to suspend CODB increases for both CY and BY. May Revise includes a further 14.8 percent reduction.
Special Circumstances	\$4.5	\$4.5	\$5.0	Cuts in the current year resulted in a total allocation of only \$5 million for this program. The May Revise proposes to eliminate the program altogether.
Adult Protective Services	\$6.6	\$5.0	\$6.6	The January budget proposed a caseload-driven increase in expenditures. May Revise reverts to the current-year General Fund level, a 10 percent reduction.
Child Welfare Services <i>Augmentation</i> <i>2002-03 CODB</i>	\$54.3 (28.1) (26.2)	\$28.0 (17.2) (10.8)	\$54.3 (28.1) (26.2)	In January, Child Welfare Services was one of the only programs slated to receive a CODB increase. May Revise would eliminate this increase and reduce the CODB increase provided in the current year.
<b>Total Reduction</b>	<b>\$511.6</b>	<b>\$195.5</b>	<b>\$976.9</b>	

\$576.0

\$335.7

\$240.3

CODB = Current cost of doing business, as calculated by counties using the established budgeting methodology used by the state in prior years.

Combined reductions from both the May Revision and earlier cuts/unfunded CODB increases total \$976.9 million

## Programmatic Impact of May Revise Proposed County Administration Cuts

PROGRAM	STAFF REDUCTION	SERVICE IMPACTS (MAY REVISE CUTS ONLY)
<p><b>Medi-Cal</b></p> <p><u>May Revise:</u> 20 percent reduction \$175.9 million (total funds)</p> <p><u>Total Reduction:</u> No CODB Increases, 2 years \$400.9 million (total funds)</p>	<p><u>May Revise:</u> 1,846</p> <p><u>Total:</u> 4,207</p>	<p>The \$175.9 million reduction would:</p> <ul style="list-style-type: none"> <li>• <u>Delay eligibility determination</u> for the more than 1.4 million low-income persons who seek Medi-Cal coverage each year. The current 45-day window for determining eligibility could stretch to 60 days or longer, depending on how the counties allocate cuts.</li> <li>• <u>Force sick children and adults to seek emergency room care</u>, or delay receiving preventative care that could help to avoid more costly illnesses.</li> <li>• Delay assistance for continuing cases and make the program more prone to error, potentially causing a <u>loss of federal funds</u> due to quality control issues.</li> </ul> <p>Further, the restoration of Quarterly Status Reporting and the 100-hour employment deprivation rule will add administrative complexity to the program, requiring additional staff time to process new cases and quarterly reports and requiring automation changes, neither of which are funded.</p>
<p><b>Food Stamps</b></p> <p><u>May Revise:</u> 20 percent reduction \$101 million (total funds)</p> <p><u>Total Reduction:</u> No CODB Increases, 2 years \$143.1 million (total funds)</p>	<p><u>May Revise:</u> 976</p> <p><u>Total:</u> 1,381</p>	<p>The \$101 million reduction would:</p> <ul style="list-style-type: none"> <li>• <u>Delay the provision of Food Stamp benefits</u> for nearly 400,000 hungry parents and children each year. These families could wait weeks longer to receive benefits than they would in the absence of these cuts.</li> <li>• <u>Delay services for “immediate need” applicants</u>, who apply for benefits at a moment of severe crisis. Cuts could force these hungry families to wait longer for the Food Stamp benefits for which they are eligible.</li> <li>• <u>Expose the state to continued fiscal penalties</u>. The cuts largely offset the benefits of the quarterly reporting system proposed in the May Revise, leading to additional errors and larger federal penalties. The state already faces penalties of \$115 million due to its high error rate, and the loss of 1,000 staff statewide will only exacerbate the problem.</li> </ul>

<p><b>In-Home Support Services</b></p> <p><u>May Revise:</u> 20 percent reduction \$43.1 million (total funds)</p> <p><u>Total Reduction:</u> No CODB Increases, 2 years \$63.1 million (total funds)</p>	<p><u>May Revise:</u> 400</p> <p><u>Total:</u> 586</p>	<p>As a result of the \$43.1 million reduction:</p> <ul style="list-style-type: none"> <li>• An estimated <u>62,000</u> of the 296,000 IHSS recipients – one in five – could be reassigned to a different case worker, resulting in diminished client service and delays in responding to urgent requests for help, such as finding emergency providers.</li> <li>• <u>Caseloads will increase significantly</u>, delaying eligibility determinations and reducing case management for elder and dependent adults in need of supportive services in order to live safely in their homes. New applicants will wait longer to qualify for needed home care.</li> <li>• Due to delays in processing time sheets, <u>providers may not receive timely payment</u> for the work they perform.</li> <li>• The delays in eligibility determination would force IHSS-eligible adults – who could live safely in their own homes with the help of a service provider – to instead <u>remain in hospitals and other institutional settings</u> for a longer period of time, or else be released with no supports established in their homes.</li> </ul>
<p><b>Foster Care</b></p> <p><u>May Revise:</u> 20 percent reduction \$21.9 million (total funds)</p> <p><u>Total Reduction:</u> No CODB Increases, 2 years \$27.5 million (total funds)</p>	<p><u>May Revise:</u> 221</p> <p><u>Total:</u> 277</p>	<p>The proposed \$21.9 million reduction, and associated staff reductions, would:</p> <ul style="list-style-type: none"> <li>• <u>Delay payments</u> to relative caregivers and foster parents.</li> <li>• <u>Significantly increase General Fund costs</u> for Foster Care and the Adoption Assistance Program by reducing the percentage of cases that can be charged to federal Title IV-E. This is because eligibility determination for Title IV-E is a complex and time-consuming determination that must be made for each child and will suffer from delays and errors due to staffing reductions. As an example, if the number of cases that could be charged to Title IV-E dropped by 20 percent, the state would incur more than \$50 million in additional General Fund costs.</li> </ul>

<p><b>Adoptions</b></p> <p><u>May Revise:</u> Funding reduction \$15.9 million (total funds)</p> <p><u>Total Reduction:</u> Cut prior CODB increases \$28.4 million (total funds)</p>	<p><u>May Revise:</u> 126</p> <p><u>Total:</u> 277</p>	<p>As a result of the proposed \$15.9 million cut:</p> <ul style="list-style-type: none"> <li>• <u>An estimated 1,512 children each year will remain in foster care</u> when loving, permanent adoptive placements could be found for them. When the January cuts are taken into account, the number of children who will be forced to remain in foster care rises to almost 2,000 each year.</li> <li>• <u>California could face significant federal penalties and sanctions</u> for failure to meet national compliance standards. The federal government measures states on their rate of permanent placement in adoptive homes, ranking them against national standards. California will be reviewed on this and other measures in September.</li> </ul>
<p><b>CalWORKs</b></p> <p><u>May Revise:</u> 14 percent reduction \$88.3 million (total funds)</p> <p><u>Total Reduction:</u> No CODB Increases, 2 years \$248 million (total funds)</p>	<p><u>May Revise:</u> 863</p> <p><u>Total:</u> 2,423</p>	<p>The proposed \$88.3 million cut in CalWORKs administrative funding could:</p> <ul style="list-style-type: none"> <li>• <u>Lead to significant operational delays</u> for CalWORKs clients. Recipients may not receive timely orientation and referral to job club, and benefit payment processing may be delayed.</li> <li>• <u>Make county staff unable to properly and promptly assess clients' time on aid or process exemption requests</u>, both of which have gained importance as a large percentage of the CalWORKs caseload nears the 60-month time assistance time limits. This could result in the state funding grants for those who are no longer eligible, or erroneously denying payments to those who continue to be eligible.</li> <li>• <u>Place the state at a disadvantage</u> with respect to implementing new changes required by reauthorization of the federal welfare reform law. Congress is expected to approve a bill this fall that significantly increases work participation requirements and implements a universal engagement provision requiring greater up-front contact with clients.</li> </ul>

<p><b>Adult Protective Services</b></p> <p><u>May Revise &amp; Total:</u> 10 percent reduction \$6.6 million (total funds)</p>	<p><u>Reduction:</u> 57</p>	<p>The \$6.6 million cut could:</p> <ul style="list-style-type: none"> <li>• <u>Delay investigations</u>, forcing as many as 500 elder and dependent adults each month to suffer abuse and neglect for a greater period of time.</li> <li>• <u>Delay and/or reduce service coordination, referrals, and other assistance</u> for abused and neglected adults. As an example, counties that pay incentives to institutions to house severely abused special-needs adults may be forced to cut the extra payments, causing further instability for these vulnerable adults.</li> <li>• <u>Reduce community outreach and awareness</u> activities, thus decreasing the number of referrals to Adult Protective Services programs.</li> <li>• Lead some counties to <u>prioritize physical and emotional abuse and neglect</u> over financial abuse in some counties, leading more elder and dependent adults to seek public assistance as a result of fraudulent activity and theft.</li> </ul>
<p><b>Child Welfare Services</b></p> <p><u>May Revise &amp; Total:</u> Elimination of Cost-of-Doing Business Increases and Reduction in Emergency Augmentation \$54.3 million (total funds)</p>	<p><u>Reduction:</u> 420</p>	<p>The proposed \$54.3 million in cuts could:</p> <ul style="list-style-type: none"> <li>• <u>Delay investigations of reports of abuse and neglect</u>, causing children to suffer in the meantime. If 420 emergency response positions were eliminated, about 6,600 investigations could have to be handled each month by the remaining workers. Children removed from their homes during investigation would have to remain in temporary placement and emergency shelters for a longer period of time.</li> <li>• <u>Delay family reunification efforts</u> and make them less successful. Based on current workload standards, 420 family reunification workers could handle 11,352 cases each year. These cases would have to be spread to other workers, whose caseloads already exceed these standards.</li> <li>• <u>Delay juvenile court cases</u>. California could face penalties if workers are unable to meet all requirements for court cases to proceed. Child welfare departments are already underfunded to meet even their current minimum requirements.</li> <li>• <u>Lead to significant fiscal penalties</u>. In September, California will be reviewed for compliance with a number of federal child welfare standards. The state will enter into improvement plans for measures found out of compliance. Reducing funds for basic child welfare operations will make it more difficult for the state to improve its program and could ultimately lead to fiscal penalties for non-compliance.</li> </ul>